

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0720-01
Bill No.: HB 188
Subject: Cities, Towns and Villages; Economic Development
Type: Original
Date: February 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$60,000)	(\$60,000)	(\$60,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$60,000)	(\$60,000)	(\$60,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** assumes they could possibly have additional enterprise zone tax credits to issue from implementation of this proposal, but will not require any additional FTE or E&E at present. If more businesses than projected become eligible and receive enterprise zone benefits, additional funding may be requested. The DED assumes that one new satellite enterprise zone will be established and the estimated cost is \$60,000 per year based on the average cost of existing satellite zones.

Officials from the **Office of Administration** assume this proposal should not result in additional costs or savings to their agency, but would have an impact on total state revenue.

Officials from the **Department of Revenue (DOR)** state this legislation expands the enterprise zone credit by authorizing the designation of a satellite enterprise zone in the City of Sugar Creek.

DOR states they do not anticipate a significant increase in the number of new credits filed. Therefore, they will not request additional FTE at this time. However, if they are incorrect in this assumption, DOR will need one Temporary Tax Season Employee for every 150,000 additional credits, one Tax Processing Tech I for every 10,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. Any FTE needed will be requested during the normal budget process.

Officials from the **City of Sugar Creek** state they anticipate the proposed legislation will generate additional revenue within a fiscal year. This amount is anticipated due to improvements which correspond to increased assessed evaluation for residential property and real improvements within the designated area. The specific amount for each fiscal year is not known at this time.

The City of Sugar Creek does not anticipate the proposed legislation will cause additional costs to citizens of the community within any fiscal year. The City does anticipate to expend some minor amount of staff resources, after passage, when working with the Missouri Department of Economic Development to define the actual designated area.

FISCAL IMPACT - State Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

GENERAL REVENUE FUND

RAS:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Costs</u> - Tax credits for new enterprise zone	(\$60,000)	(\$60,000)	(\$60,000)
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact on those small businesses located within the new enterprise zone.

DESCRIPTION

This proposal designates the City of Sugar Creek located in Jackson County as an enterprise zone.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue
Office of Administration
City of Sugar Creek



Jeanne Jarrett, CPA
Director
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